

EXECUTIVE SUMMARY ETHANOL SALES PROMOTION ACT

HOUSE FILE 716

ETHANOL SALES INCENTIVE TAX CREDITS

- This Act provides a corporate or individual income tax credit for qualified gallons of ethanol-blended gasoline (gasohol) sold at retail stations in Iowa. The tax credit is equal to 2.5 cents per gallon. The credit applies to gasohol gallons sold at a station above a threshold of 60.0% of total annual gasoline and gasohol volume.

FISCAL IMPACT

- It is estimated the tax credits will reduce General Fund receipts by \$500,000 in FY 2003 and \$1.3 million in FY 2004.
- If the tax credits are effective in increasing ethanol's share of total petroleum fuel sales, gas tax receipts deposited to the Road Use Tax Fund will decline. The Act contains provisions that adjust the per gallon gas tax to hold the Road Use Tax Fund harmless if the ethanol percentage increases.

EFFECTIVE DATES

- The tax credits apply to tax years beginning on or after January 1, 2002.
- The provisions of the Act adjusting the excise tax on gasohol and gasoline are effective July 1, 2002.

ENACTMENT DATE

- This Act was approved by the General Assembly on April 27, 2001, and signed by the Governor on May 7, 2001.